



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt  
Governor

Ted Stewart  
Executive Director

James W. Carter  
Division Director

355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
801-538-5340  
801-359-3940 (Fax)  
801-538-5319 (TDD)

March 28, 1994

Mr. David P. Shoemaker  
Molycorp, Incorporated  
P. O. Box 469  
Questa, New Mexico 87556

Re: Formal Approval of Form and Amount of Reclamation Surety, Molycorp, Inc., Small Fry Mine, M/037/022, San Juan County, Utah

Dear Mr. Shoemaker:

On March 23, 1994, the Board of Oil, Gas and Mining formally approved the form and amount of replacement reclamation surety (\$3,800) for Molycorp's Small Fry Mine. A surety bond ( ) was issued by the United Pacific Insurance Company. This has effectively finalized the permit transfer from W. K. Enterprises to Molycorp, Inc. Molycorp, Inc. will now be the designated operator held responsible for continued operations and for performing the required reclamation at the Small Fry Mine. Please notify this office when you anticipate beginning the Dry Valley NORM tailings backfilling project at the mine. We would like to have the opportunity to observe this procedure first hand.

Enclosed please find copies of the fully signed and executed Reclamation Contract, surety bond forms, and the permit transfer forms for your files.

Thank you for your time and efforts in helping finalize this permitting process.

Sincerely,

D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb  
Enclosure

cc: Wilene Shumway, W. K. Enterprises  
John Whitehead, Div Water Quality  
Larry Anderson, Div Radiation Control

M037022.app



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March 8, 1994

TO: Board of Oil, Gas and Mining

THRU: James W. Carter, Director *JWC*

THRU: Lowell P. Braxton, Associate Director *Lowell P. Braxton*

FROM: D. Wayne Hedberg, Permit Supervisor *DWH*

RE: Request for Board Approval, Amount and Form of Reclamation Surety, Molycorp, Inc., Small Fry Mine, M/037/022, San Juan County, Utah

The Division seeks approval from the Board of Oil, Gas and Mining for the amount and form of reclamation surety as posted by Molycorp, Inc. for the remaining reclamation of the Small Fry Mine located in San Juan County, Utah. Molycorp, Inc. has purchased the Small Fry Mine from W. K. Enterprises and has made application with the Division to acquire the existing approved permit for the property. Molycorp, Inc. has proposed the disposal of their Dry Valley vanadium mill tailings by means of underground disposal at the Small Fry Mine site. This proposal has been approved by the Utah Department of Environmental Quality (DEQ) and the Division of Oil, Gas and Mining. The tailings have been classified as Naturally Occurring Radioactive Material (NORM) by the DEQ. The Small Fry Mine is a remote and technically well suited site on private property offering an environmentally preferred solution to Dry Valley NORM management and disposal. The underground alternative will not require security or further DEQ/Molycorp staff field and administrative effort in monitoring the site, as opposed to the in situ cover alternative. As part of the Division's formal permit transfer process, Molycorp, Inc. must file a replacement Reclamation Contract agreement and reclamation surety with the Division.

Attached for your information and review is a copy of the following information:

1. Summary Checklist
2. Updated Executive Summary
3. Location maps
4. DOGM's revised (escalated) surety estimate
5. Reclamation Contract (FORM MR-RC)
6. Reclamation Surety (surety bond - \$3,800)

Upon the Board's acceptance of the amount and form of reclamation surety, the Division will issue written approval to finalize the permit transfer from W. K. Enterprises to Molycorp, Inc. Thank you for your time and consideration of this request.

twj  
attachments  
M037022.sum



# DOGM MINERALS PROGRAM

## Checklist for Board Approval of FORM AND AMOUNT OF SURETY

Prepared March 8, 1994

Company Name Molycorp, Inc.

Mine Name Small Fry Mine

File No. M/037/022

Items	Provided		Remarks
	Yes	No	
Executive Summary	X		
Location Map	X		
Reclamation Bond Estimate	X		Revised (escalated) estimate
Signed Reclamation Contract	X		
Signed Power of Attorney/ Affidavit of Qualification	X		
Bond/Reclamation Surety	X		Surety Bond
Surety Sign Off (Other State/Federal Agencies)		X	Not Applicable
RDCC contacted		X	Not required, previously approved permit



## EXECUTIVE SUMMARY

Prepared March 8, 1994

**Mine Name:** Small Fry Mine

**I.D. No:** M/037/022

**Operator:** Molycorp, Inc.  
P.O. Box 469  
Questa, NM 87556

**County:** San Juan  
**New/Existing:** Existing  
**Mineral Ownership:** Private  
**Surface Ownership:** Private

**Telephone:** (505) 586-0212

**Lease No.(s):** none

**Contact Person:** David P. Shoemaker

**Permit Term:** Life of project

**Life of Mine:** Mining has ceased. Project expected to take 3-4 months.

**Legal Description:** NE 1/4, NE 1/4, Section 34, Township 29 South, Range 24 East

**Mineral(s) to be Mined:** Uranium ore previously mined by others.

**Mining Methods:** Existing underground workings to be partially backfilled with NORM vanadium mill tailings from the Dry Valley mill site.

**Acres to be Disturbed:** Six (6) acres previously disturbed at Small Fry Mine site. Partial reclamation has taken place.

**Present Land Use:** Mining

**Postmining Land Use:** Grazing of livestock

**Variances from Reclamation Standards (Rule R647) Granted:** none

### Soils and Geology:

**Soil Description:** Course sands and shales with numerous rock outcrops.

**pH:** 7.6

**Special Handling Problems:** None anticipated

**Geology Description:** Mine is developed in the uppermost Pennsylvanian-Permian Cutler Formation where overlying basal Triassic Chinle Formation units have cut and scoured ore-bearing channels into the Cutler.



**Hydrology:**

**Ground Water Description:** The ground water table lies at the elevation of approximately 6000 feet which is 600 feet below the deepest part of the Small Fry Mine.

**Surface Water Description:** No perennial streams are located on the site. Ephemeral washes drain the area.

**Water Monitoring Plan:** none required

**Ecology:**

**Vegetation Type(s); Dominant Species:** Pinyon, Juniper, Mormon Tea, Sagebrush, Blue Stem Grass

**Percent Surrounding Vegetative Cover:** 7.5%

**Wildlife Concerns:** none

**Surface Facilities:** none

**Mining and Reclamation Plan Summary: . . . .**

**During Operations:**

1. Approximately 20,000 cubic yards of NORM vanadium mill tailings from the Dry Valley area will be hauled by truck 9.1 miles to the Small Fry Mine.
2. At the Small Fry Mine the tailings will be backfilled into approximately 8,500 running feet of existing drifts.

**After Operations:**

1. The mine portals will be backfilled and sealed.
2. The hillside east of the portal pad area will be regraded to blend with the natural topography and topsoiled with available salvaged resources.
3. The mine access road will be ripped and regraded where necessary.

4. The entire six acre disturbed mine site area will be seeded.
5. After all tailings have been removed from the Dry Valley mill site, the area will be restored to its natural contour and reclaimed.

**Surety:**

**Amount:** \$3,800 (1998 dollars)

**Form:** Surety Bond

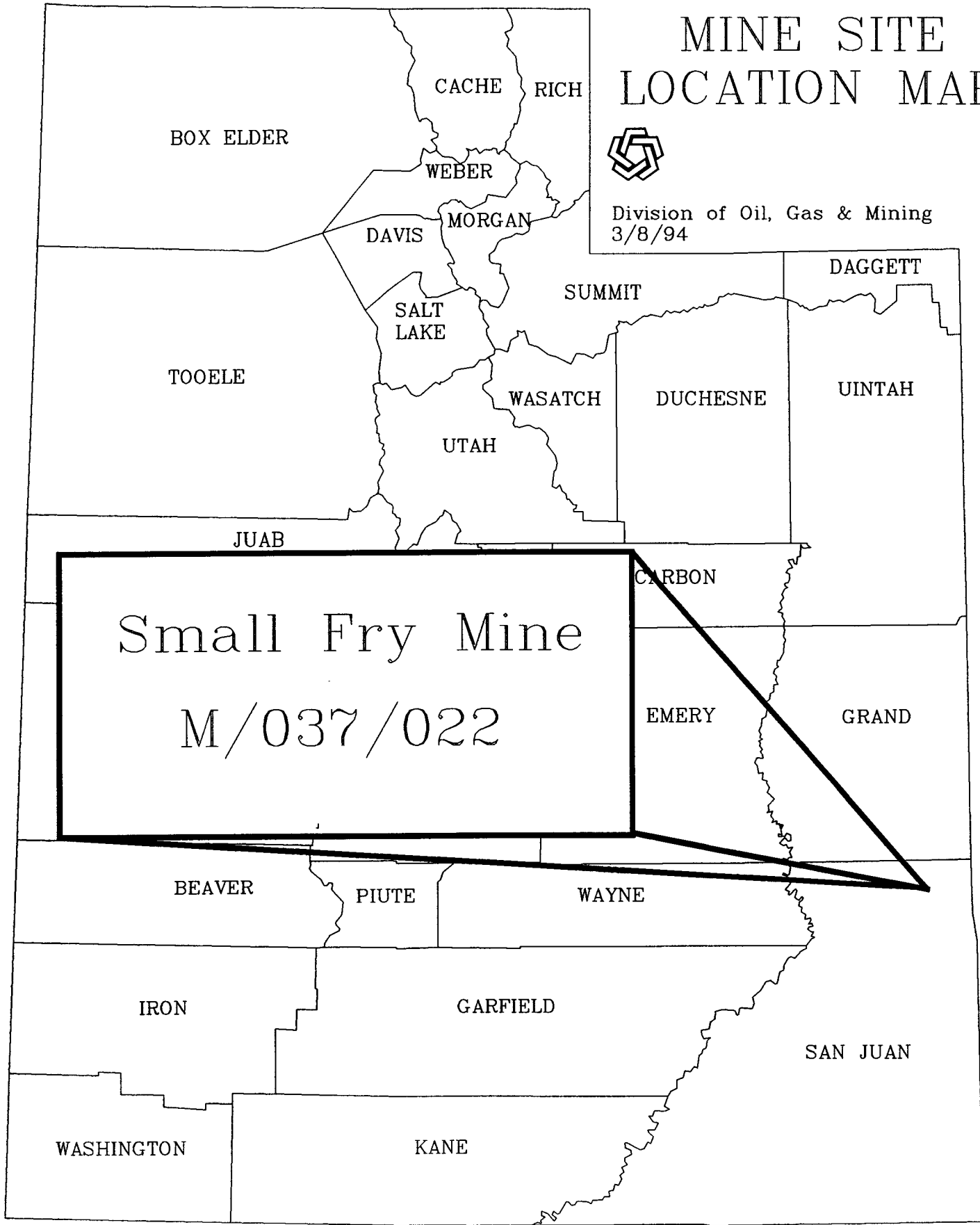
**Renewable Term:** 5 years

jb

# MINE SITE LOCATION MAP



Division of Oil, Gas & Mining  
3/8/94



Small Fry Mine  
M/037/022

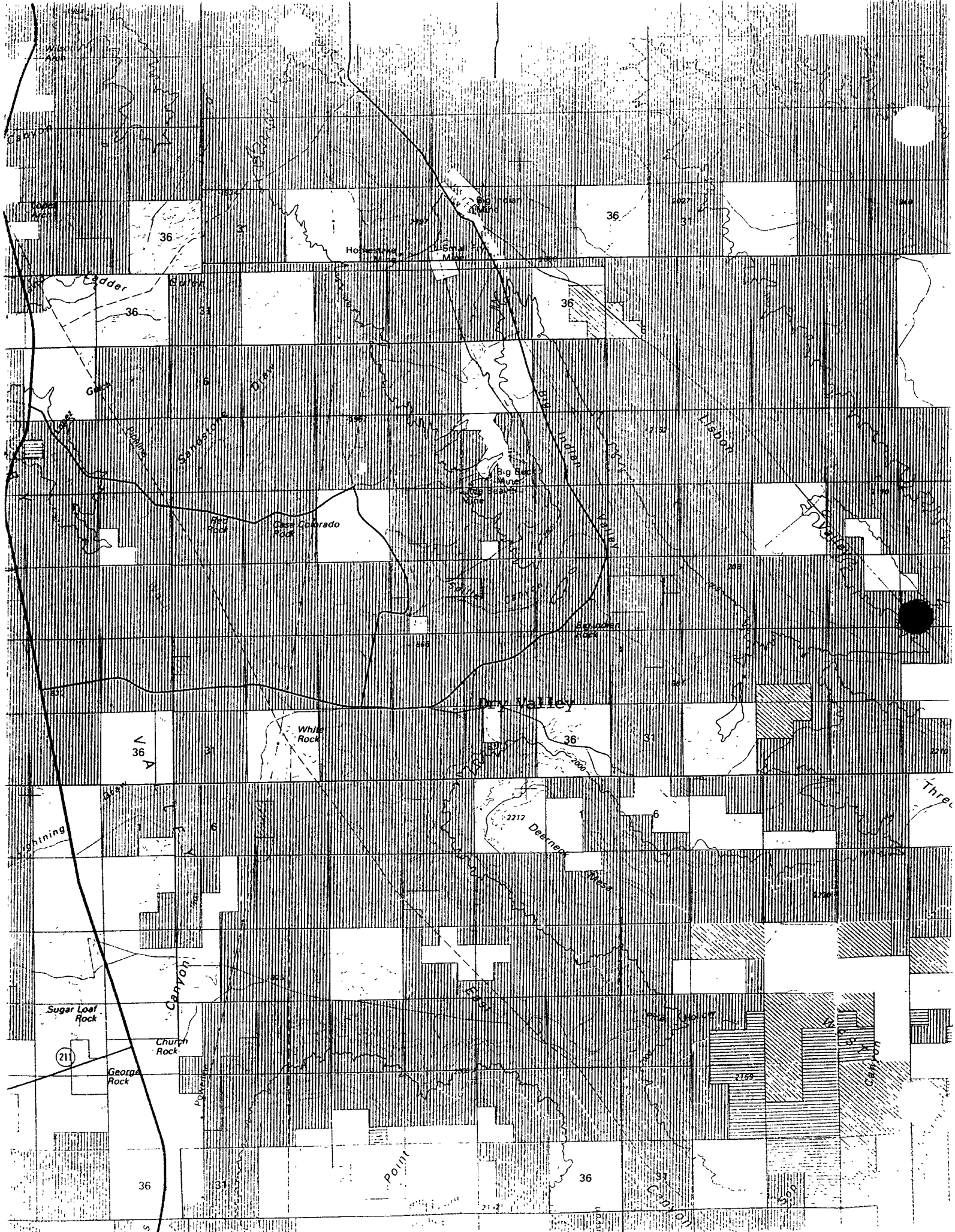


SANDSTONE DRAW QUADRANGLE  
UTAH-SAN JUAN CO.  
7.5 MINUTE SERIES (TOPOGRAPHIC)



FIG. 10





Reclamation Estimate  
for  
W. K. Enterprises

Small Fry Mine  
San Juan County  
M/037/022

Prepared by DOGM  
September 8, 1989

Description, Small Fry

The site covers 6 acres of surface disturbance. Five acres of this disturbance has been retopsoiled, regraded and ripped, as of August 31, 1989. The remaining 1 acre consisting of access road, small pad, and several adits will remain until ultimate closure of the mine. An estimate for reclamation work, yet to be completed, follows:

Revegetation

<u>Item</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/Unit</u>	<u>\$/Acre</u>	<u>Acres</u>	<u>\$ Total *</u>
<u>Bare Costs</u>						
Seed Mix	14	lbs	9	126	6	750
Native Hay Mulch	2	tons	50	100	6	600
<u>Application Costs</u>						
Native Hay Mulch (hand spread)	3 hr		24	72	6	430
Native Hay Mulch (disced in)	.3 hr		67	20	6	120
Scarify (tractor and chain)	.3 hr		67	20	6	120
<u>Earthwork</u>						
Rip and Regrade	2	hours	140	280	1	280
<u>Other Costs</u>						
Removal of Structures	none	n/a	n/a	n/a	n/a	n/a
Seal Portals	2	each	300	n/a	n/a	600
Subtotal						2,900



Page 2  
Small Fry Reclamation Estimate  
M/037/022  
September 8, 1989

10% Contingency	290
Total in 1989 \$'s	3,190
Escalation (1.93% annually for 3 years)	190
Total in 1992 \$'s	3,380

\* Figures have been rounded to nearest \$10

MN6/1-2

Five year escalation applied to \$3,380 brings the estimate to \$3,800 (1998 dollars).

File Number M/037/022

Effective Date 2-9-94

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION of OIL, GAS and MINING  
355 West North Temple  
3 Triad Center, Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

RECLAMATION CONTRACT

---ooOoo---

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M037-022 (transferred)  
(Mineral Mined) Uranium ore previously mined by others

"MINE LOCATION":  
(Name of Mine) Approximately 40 road miles South and  
(Description) East of Moab; and 3,000' ± West of  
Big Indian Valley Wash county road.  
See map attachment "A"

"DISTURBED AREA":  
(Disturbed Acres) 6 acres  
(Legal Description) (refer to Attachment "A")

"OPERATOR":  
(Company or Name) \* Molycorp, Inc., P. O. Box 469  
(Address) Questa, NM 87556 (505) 586-0212  
  
(Phone) \* A wholly owned subsidiary of UNOCAL,  
P. O. Box 7600, Los Angeles, CA 90051  
(213) 977-7600

**"OPERATOR'S REGISTERED AGENT":**

(Name)  
(Address)

David R. Shoemaker

Mine Manager

Molycorp, Inc.

P. O. Box 469, Questa, NM 87556

(505) 586-0212, ext. 3001

(Phone)

**"OPERATOR'S OFFICER(S)":**

R. Gene Dewey, Unocal Group V-Pres;

Molycorp-President

Unocal Center, P. O. Box 7600

Los Angeles, CA 90051

(213) 977-6847

**"SURETY":**

(Form of Surety - Attachment B)

Surety Bond

**"SURETY COMPANY":**

(Name, Policy or Acct. No.)

United Pacific Insurance Company

#

**"SURETY AMOUNT":**

(Escalated Dollars)

\$3,800

**"ESCALATION YEAR":**

1998

**"STATE":**

State of Utah

**"DIVISION":**

Division of Oil, Gas and Mining

**"BOARD":**

Board of Oil, Gas and Mining

**ATTACHMENTS:**

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Molycorp, Inc. the "Operator" and the Utah State Board of Oil, Gas and Mining ("Board").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M037-022 which has been approved by the Utah State Division of Oil, Gas and Mining "Division" under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Board, to assure reclamation of the Disturbed Area.



NOW, THEREFORE, the Board and the Operator agree as follows:

To be completed  
by Utah State Board

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated October 31, 1977, and the original Reclamation Plan dated October 31, 1977. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Board. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Board in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Board. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as

amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the (Board) that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The (Board) shall hear Operator's request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Board to substitute surety. The Board, in its sole judgment and discretion, may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.

14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

R. Gene Dewey - President of MolyCorp  
Authorized Officer (Typed or Printed)

R. Gene Dewey  
Authorized Officer's Signature

February 9, 1994  
Date

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

BY \_\_\_\_\_  
Dave D. Lauriski, Chairman  
Utah State Board of Oil, Gas and Mining



14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

No. 515

State of California

County of Los Angeles

On 2/9/94 before me, Bette J. Stewart, Notary Public  
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared R. Gene Dewey  
NAME(S) OF SIGNER(S)

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Bette J. Stewart  
SIGNATURE OF NOTARY

**OPTIONAL SECTION**  
**CAPACITY CLAIMED BY SIGNER**

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

☐ INDIVIDUAL

☒ CORPORATE OFFICER(S)  
President

☐ PARTNER(S) ☐ LIMITED  
☐ GENERAL

☐ ATTORNEY-IN-FACT

☐ TRUSTEE(S)

☐ GUARDIAN/CONSERVATOR

☐ OTHER: \_\_\_\_\_

**SIGNER IS REPRESENTING:**

NAME OF PERSON(S) OR ENTITY(IES)

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.

TITLE OR TYPE OF DOCUMENT \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_ DATE OF DOCUMENT \_\_\_\_\_

SIGNER(S) OTHER THAN NAMED ABOVE \_\_\_\_\_

DIVISION OF OIL, GAS AND MINING:

By \_\_\_\_\_  
James W. Carter, Director

\_\_\_\_\_ Date

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally  
appeared before me, who being duly sworn did say that he/she, the said  
\_\_\_\_\_ is the Director of the Division of  
Oil, Gas and Mining, Department of Natural Resources, State of Utah, and he/she  
duly acknowledged to me that he/she executed the foregoing document by  
authority of law on behalf of the State of Utah.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

OPERATOR:

Molycorp, Inc.  
Operator Name

By R. Gene Dewey, President of Molycorp  
Corporate Officer - Position

February 9, 1994  
Date

R. Gene Dewey  
Signature

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally  
appeared before me \_\_\_\_\_ who  
being by me duly sworn did say that he/she, the said \_\_\_\_\_  
is the \_\_\_\_\_ of \_\_\_\_\_  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
\_\_\_\_\_ duly acknowledged to me that said  
company executed the same.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

OPERATOR:

Molycorp, Inc.  
Operator Name

By R. Gene Dewey, President of Molycorp  
Corporate Officer - Position

February 9, 1994  
Date

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

No. 5193

State of California  
County of Los Angeles

On 2/9/94 before me, Bette J. Stewart, Notary Public  
DATE NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared R. Gene Dewey  
NAME(S) OF SIGNER(S)

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Bette J. Stewart

SIGNATURE OF NOTARY

**OPTIONAL SECTION**

**CAPACITY CLAIMED BY SIGNER**

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

- ☐ INDIVIDUAL  
☒ CORPORATE OFFICER(S)  
President of  
Molycorp  
TITLE(S)  
☐ PARTNER(S) ☐ LIMITED  
☐ GENERAL  
☐ ATTORNEY-IN-FACT  
☐ TRUSTEE(S)  
☐ GUARDIAN/CONSERVATOR  
☐ OTHER: \_\_\_\_\_

**SIGNER IS REPRESENTING:**

NAME OF PERSON(S) OR ENTITY(IES)  
\_\_\_\_\_  
\_\_\_\_\_

**OPTIONAL SECTION**

THIS CERTIFICATE MUST BE ATTACHED TO  
THE DOCUMENT DESCRIBED AT RIGHT:

Though the data requested here is not required by law,  
it could prevent fraudulent reattachment of this form.

TITLE OR TYPE OF DOCUMENT \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_ DATE OF DOCUMENT \_\_\_\_\_

SIGNER(S) OTHER THAN NAMED ABOVE \_\_\_\_\_

©1993 NATIONAL NOTARY ASSOCIATION • 8236 Remmet Ave., P.O. Box 7184 • Canoga Park, CA 91309-7184

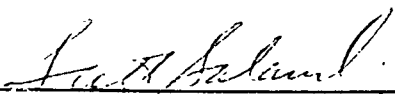
My Commission Expires: \_\_\_\_\_

SURETY:

United Pacific Insurance Company  
Surety Company

By Scott Salandi, Attorney-In-Fact  
Company Officer - Position

January 31, 1994  
Date

  
Signature

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ ) ss:

On the \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, personally  
appeared before me \_\_\_\_\_ who  
being by me duly sworn did say that he/she, the said \_\_\_\_\_  
is the \_\_\_\_\_ of \_\_\_\_\_  
and duly acknowledged that said instrument was signed on behalf of said company  
by authority of its bylaws or a resolution of its board of directors and said  
\_\_\_\_\_ duly acknowledged to me that said  
company executed the same.

\_\_\_\_\_  
Notary Public  
Residing at: \_\_\_\_\_

\_\_\_\_\_  
My Commission Expires:

NOTE: An affidavit of Qualification must be completed and attached to this  
form for each authorized agent or officer. Where one signs by virtue of Power of  
Attorney for a company, such Power of Attorney must be filed with this Contract.



SURETY:

United Pacific Insurance Company  
Surety Company

By Scott Salandi, Attorney-In-Fact  
Company Officer - Position

January 31, 1994  
Date

Scott Salandi  
Signature

**All-Purpose  
Certificate of Acknowledgement**

MMLA-1024-A

State of California

County of Los Angeles

On 1/31/94 before me, Maria Escobar, Notary Public

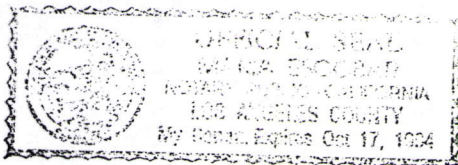
DATE

NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Scott Salandi

NAME(S) OF SIGNER(S)

☒ personally known to me - **OR** - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Witness my hand and official seal.

Maria Escobar  
SIGNATURE OF NOTARY

**CAPACITY CLAIMED BY SIGNER**

☐ Individual(s)

☐ Corporate

Officer(s)

TITLE(S)

☐ Partner(s)

☒ Attorney-in-fact

☐ Trustee(s)

☐ Subscribing witness

☐ Guardian/Conservator

☐ Other: \_\_\_\_\_

**SIGNER IS REPRESENTING:**

NAME OF PERSON(S) OR ENTITY(IES)

United Pacific Insurance

Company

ATTACHMENT "A"

Molycorp, Inc.  
Operator

M/037/022  
Permit Number

Small FryMine  
Mine Name

San Juan County, Utah

**The legal description of lands to be disturbed is:**

NE/4, NE/4, Section 34, Twonship 29 South, Range 24 East

ATTACHMENT B

MR FORM 5  
April 8, 1993

Bond Number 2  
Permit Number M037-022  
Mine Name Samall Fry

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
Division of Oil, Gas and Mining  
355 West North Temple  
3 Triad Center Suite 350  
Salt Lake City, Utah 84180-1203  
(801) 538-5340

THE MINED LAND RECLAMATION ACT

SURETY BOND

\*\*\*\*\*

The undersigned Molycorp, Inc., as  
Principal, and United Pacific Insurance Company, as  
Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors,  
successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil,  
Gas and Mining (Division) in the penal sum of Three thousand eight hundred & no/100  
dollars (\$ 3,800.00 ).

Principal has estimated in the Mining and Reclamation Plan approved by the  
Division on the 12th day of JULY, 19 93, that 6 Acres  
acres of land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the  
Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal  
has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining  
and Reclamation Plan and has faithfully performed all requirements of the Mined Land  
Reclamation Act, and complied with the Rules and Regulations adopted in accordance  
therewith, then this obligation shall be void; otherwise it shall remain in full force and  
effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of  
the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act  
and regulations, then Principal may apply for a reduction in the amount of this Surety  
Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual  
increase in the area disturbed or the extent of disturbance, then, the Division may  
require that the amount of this Surety Bond be increased, with the written approval of  
the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Date February 9, 1994

Molycorp, Inc.

Principal (Permittee)

By (Name typed): R. Gene Dewey

Title: President of Molycorp

Signature: R. Gene Dewey

Date January 31, 1994

United Pacific Insurance Company

Surety

By (Name typed): Scott Salandi

Title: Attorney-In-Fact

Signature: Scott Salandi



State of CaliforniaCounty of Los Angeles

2/9/94

DATE

before me, Bette J. Stewart, Notary Public

NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared R. Gene Dewey

NAME(S) OF SIGNER(S)

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Bette J. Stewart

SIGNATURE OF NOTARY

## OPTIONAL SECTION

THIS CERTIFICATE MUST BE ATTACHED TO THE DOCUMENT DESCRIBED AT RIGHT:

TITLE OR TYPE OF DOCUMENT \_\_\_\_\_

NUMBER OF PAGES \_\_\_\_\_ DATE OF DOCUMENT \_\_\_\_\_

SIGNER(S) OTHER THAN NAMED ABOVE \_\_\_\_\_

Though the data requested here is not required by law, it could prevent fraudulent reattachment of this form.

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## All-Purpose Certificate of Acknowledgement

MMLA-1024-A

State of CaliforniaCounty of Los AngelesOn 1/31/94

DATE

before me, Maria Escobar, Notary Public

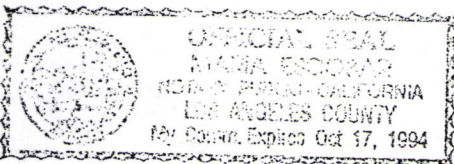
NAME, TITLE OF OFFICER - E.G., "JANE DOE, NOTARY PUBLIC"

personally appeared Scott Salandi

NAME(S) OF SIGNER(S)

☒ personally known to me - OR - ☐ proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.



Maria Escobar

SIGNATURE OF NOTARY

## OPTIONAL SECTION

## CAPACITY CLAIMED BY SIGNER

Though statute does not require the Notary to fill in the data below, doing so may prove invaluable to persons relying on the document.

☐ INDIVIDUAL☒ CORPORATE OFFICER(S)President☐ PARTNER(S) of MolyCorp☐ LIMITED☐ GENERAL☐ ATTORNEY-IN-FACT☐ TRUSTEE(S)☐ GUARDIAN/CONSERVATOR☐ OTHER: \_\_\_\_\_

## SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)

## CAPACITY CLAIMED BY SIGNER

☐ Individual(s)☐ Corporate

Officer(s)

TITLE(S)

☐ Partner(s)☒ Attorney-in-fact☐ Trustee(s)☐ Subscribing witness☐ Guardian/Conservator☐ Other: \_\_\_\_\_

## SIGNER IS REPRESENTING:

NAME OF PERSON(S) OR ENTITY(IES)

United Pacific InsuranceCompany



Page 3  
MR-5  
Attachment B

Bond Number \_\_\_\_\_  
Permit Number M037-022  
Mine Name Small Fr

SO AGREED this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_\_.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

\_\_\_\_\_  
Dave D. Lauriski, Chairman  
Utah State Board of Oil, Gas and Mining

\*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

# UNITED PACIFIC INSURANCE COMPANY

HEAD OFFICE, PHILADELPHIA, PENNSYLVANIA

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the UNITED PACIFIC INSURANCE COMPANY, a corporation duly organized under the laws of the State of Pennsylvania, does hereby make, constitute and appoint Scott Salandi, individually, of Los Angeles, California, its true and lawful Attorney(s)-in-Fact, to make, execute, seal and deliver for and on its behalf, and as its act and deed any and all bonds and undertakings of suretyship and to bind the UNITED PACIFIC INSURANCE COMPANY thereby as fully and to the same extent as if such bonds and undertakings and other writings obligatory in the nature thereof were signed by an Executive Officer of the UNITED PACIFIC INSURANCE COMPANY and sealed and attested by one other of such officers, and hereby ratifies and confirms all that its said Attorney(s)-in-Fact may do in pursuance hereof.

This Power of Attorney is granted under and by authority of Article VII of the By-Laws of UNITED PACIFIC INSURANCE COMPANY which became effective September 7, 1978, which provisions are now in full force and effect, reading as follows:

### ARTICLE VII - EXECUTION OF BONDS AND UNDERTAKING

1. The Board of Directors, the President, the Chairman of the Board, any Senior Vice President, any Vice President or Assistant Vice President or other officer designated by the Board of Directors shall have power and authority to (a) appoint Attorney(s)-in-Fact and to authorize them to execute on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof, and (b) to remove any such Attorney(s)-in-Fact at any time and revoke the power and authority given to them.

2. Attorney(s)-in-Fact shall have power and authority, subject to the terms and limitations of the Power of Attorney issued to them, to execute and deliver on behalf of the Company, bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof. The corporate seal is not necessary for the validity of any bonds and undertakings, recognizances, contracts of indemnity and other writings obligatory in the nature thereof.

3. Attorney(s)-in-Fact shall have power and authority to execute affidavits required to be attached to bonds, recognizances, contracts of indemnity or other conditional or obligatory undertakings and they shall also have power and authority to certify the financial statement of the Company and to copies of the By-Laws of the Company or any article or section thereof.

This Power of Attorney is signed and sealed by facsimile under and by authority of the following Resolution adopted by the Board of Directors of UNITED PACIFIC INSURANCE COMPANY at a meeting held on the 5th day of June, 1979, at which a quorum was present, and said Resolution has not been amended or repealed:

"Resolved that the signatures of such directors and officers and the seal of the Company may be affixed to any such Power of Attorney or any certificates relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company and any such Power so executed and certified by facsimile signatures and facsimile seal shall be valid and binding upon the Company, in the future with respect to any bond or undertaking to which it is attached."

IN WITNESS WHEREOF, the UNITED PACIFIC INSURANCE COMPANY has caused these presents to be signed by its Vice President and its corporate seal to be hereto affixed, this 5 day of November, 1993

UNITED PACIFIC INSURANCE COMPANY

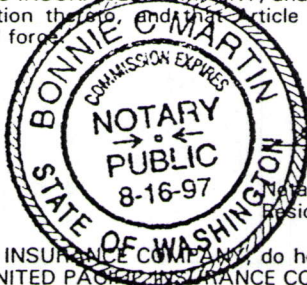


Vice President

STATE OF Washington  
COUNTY OF King

} ss.

On this 5 day of November, 1993 personally appeared Lawrence W. Carlstrom to me known to be the Vice President of the UNITED PACIFIC INSURANCE COMPANY, and acknowledged that he executed and attested the foregoing instrument and affixed the seal of said corporation thereto, and that Article VII, Section 1, 2, and 3 of the By-Laws of said Company, and the Resolution, set forth therein, are still in full force.



Notary Public in and for State of Washington  
Residing at Sumner

I, Robyn Layng, Assistant Secretary of the UNITED PACIFIC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney executed by said UNITED PACIFIC INSURANCE COMPANY, which is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Company this 31st day of January 19 94



Assistant Secretary